

December 2007

Quarterly Report

Hyperion Australian Growth Companies Fund
Hyperion Small Growth Companies Fund
Hyperion Managed Fund
Hyperion Overseas Equity Fund

About Hyperion

Hyperion is a high conviction growth style manager that specialises in identifying and investing in quality Australian equities. Our investment process produces a relatively concentrated portfolio of predictable, high calibre companies with superior growth potential. We conduct our own proprietary research and focus on a smaller number of companies with a quality business model and stable management.

Our objective is to deliver investment outperformance for our clients across a full equity market cycle

There are four main factors that differentiate us from other fund managers:

- 🕒 **Process** – we have developed a disciplined and logical portfolio construction process that emphasises quality and taking a long-term view. As a result our clients have less cause for concern during the inevitable peaks and troughs of the equities market;
- 🕒 **Performance** – It is our aim to continually achieve a margin over the risk-free rate, rewarding our clients for investing in non risk-free assets;
- 🕒 **Boutique Size** – by definition, a commitment to concentrated portfolios creates a cap on Hyperion’s total funds under management and hence the number of clients. This highlights Hyperion’s dedication to achieving investment returns for clients and providing outstanding service; and
- 🕒 **People** – the investment team has been together for almost ten years and as shareholders in the business our clients know the people that delivered the returns in the past are the people making the decisions in the future. Reassuringly, there has been no staff turnover in the investment team since inception.

Hyperion was incorporated in 1997. The executives are substantial equity partners in the business with

the remainder owned by Pinnacle Investment Management Limited. This combination makes for a nimble, independent fund manager backed by significant resources. In addition, our investment team has substantial capital invested in the products, so, not only are they here for the long-term, but our clients are assured the investment team’s goals are aligned with their own goals.

How to Invest

Direct Access

Direct Investors with at least \$50,000 of investable cash may invest directly via the Hyperion Australian Equity Solutions and the Hyperion Wholesale Managed Funds (Hyperion Funds) Product Disclosure Statements (PDS’).

For new clients, investment into these funds can only be made by completing an application form attached to the relevant PDS.

Copies of the Product Disclosure Statements are available online at www.hyperionam.com.au or by calling our Client Services team on telephone: 1300 550 293

External Master Trusts

The Hyperion Funds are available via master trusts, wrap accounts (including Asgard, Australian Executor Trustees, BT Wrap, Macquarie Wrap, Navigator – Premium Choice, Netwealth, Symetry, Synergy and Oasis) and other Investor Directed Portfolio Services (IPDS’). Investors gaining exposure to these Hyperion Funds through an IDPS do not themselves become investors in the Hyperion Fund. It is generally the operator of the IDPS, or their custodian or nominee, who invests on behalf of the investor and has the rights of an investor. They exercise their rights in accordance with their arrangements with the investor. Indirect investors complete an application for the IDPS and receive reports from their operator, not from the Responsible Entity, WHTM Capital Management Limited ABN 29 082 494 362, AFSL Number 238371

Performance Review

	Hyperion Australian Growth Companies Fund	Hyperion Small Growth Companies Fund	Hyperion Managed Fund	Hyperion Overseas Equity Fund
Fund Size	\$41,189,630	\$7,079,109	\$5,222,520	\$12,743,097
3 months	-2.8%	-0.7%	-5.9%	-0.9%
Benchmark*	-2.7%	-1.0%	-1.3%	-1.6%
2007	18.9%	19.8%	4.2%	-2.6%
Benchmark*	16.2%	17.1%	5.5%	-2.6%
2006	29.0%	37.9%	20.7%	5.9%
Benchmark*	24.5%	34.2%	12.9%	11.5%
2005	28.0%	14.7%	16.2%	10.0%
Benchmark*	22.5%	19.6%	12.9%	16.8%
2004	28.6%	45.9%	17.5%	12.8%
Benchmark*	27.9%	26.6%	18.2%	9.6%
**Since September 2002	21.5%	26.4%	12.8%	7.8%
Benchmark*	20.5%	24.1%	11.6%	6.7%

*The benchmarks used are detailed on the individual fund pages in this report.

Performance numbers are calculated using Net Asset Value unit prices after fees with distributions reinvested. These numbers do not allow for entry fee, income tax, inflation effects, or for the fees charged by a master trust.

All performance numbers represent past returns and are not necessarily an indicator of future returns.

All figures are in Australian dollar terms.

The '3 months' performance numbers are for the three months to 31 December 2007. For the years 2007, 2006, 2005 and 2004, performance numbers are for the 12-month period to 31 December of the year stated.

**Hyperion commenced management of these Funds in September 2002. Performance is annualised.

Hyperion Australian Growth Companies Fund

APIR BNT0003AU ARSN 089 548 443

Investment Activity

- ⌚ During the December quarter we added two new investments to the portfolio, Sky Network TV and The Reject Shop whilst increasing the portfolio's exposure to Macquarie Bank, Brambles and Billabong International.
- ⌚ We reduced the portfolio's exposure to ANZ Bank, Rio Tinto and Woolworths during the quarter under review.
- ⌚ The portfolio's largest contributor to active performance during the review was the overweight holding in Rio Tinto and the underweight holding in BHP Billiton. Not holding Centro Properties Group in the portfolio also contributed positively to relative performance as the company is included within the Fund's benchmark. The major detractors from the portfolio's performance were the overweight holdings in Brambles, Aristocrat Leisure and Platinum Asset Management.

Distributions

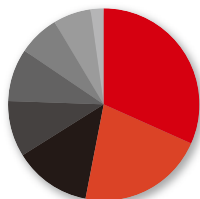
Income is distributed quarterly. The December quarter distribution was 1.16 cents per unit.

Benchmark

S&P/ASX 300 Accumulation Index.

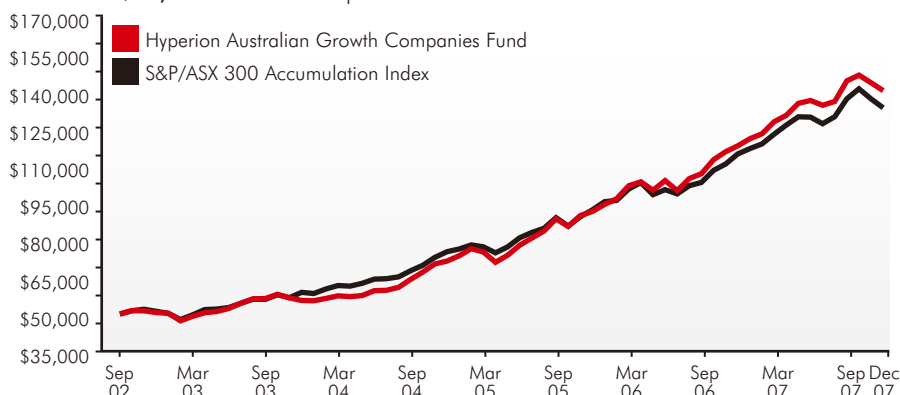
Asset Allocation

As at 31 December 2007



Financials	31.7%
Consumer Discretionary	21.5%
Industrials	13.1%
Healthcare	9.3%
Materials	8.9%
Other	7.1%
Energy	6.3%
Cash and Equivalent	2.1%

Growth of \$50,000 Invested at September 2002 After Fees



Hyperion Small Growth Companies Fund

APIR BNT0101AU ARSN 089 548 943

Investment Activity

- ⊗ We added an investment in Sky Network TV to the portfolio during the December quarter and increased our exposure to Mortgage Choice, The Reject Shop and Count Financial.
- ⊗ Adelaide Bank was removed from the portfolio, whilst we reduced our investments in Realestate.com, Sydney Attractions Group and Fantastic Holdings during the quarter under review.
- ⊗ The strongest contributors to active performance were Realestate.com, Fantastic Holdings and Queensland Gas, while Mortgage Choice, Clive Peeters and Seek were the main detractors from the portfolio's active performance during the December quarter.

Distributions

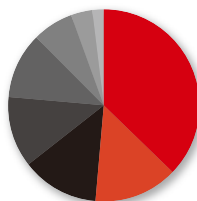
Income is distributed quarterly. The December quarter distribution was 0.13 cents per unit.

Benchmark

S&P/ASX Small Ordinaries Accumulation Index.

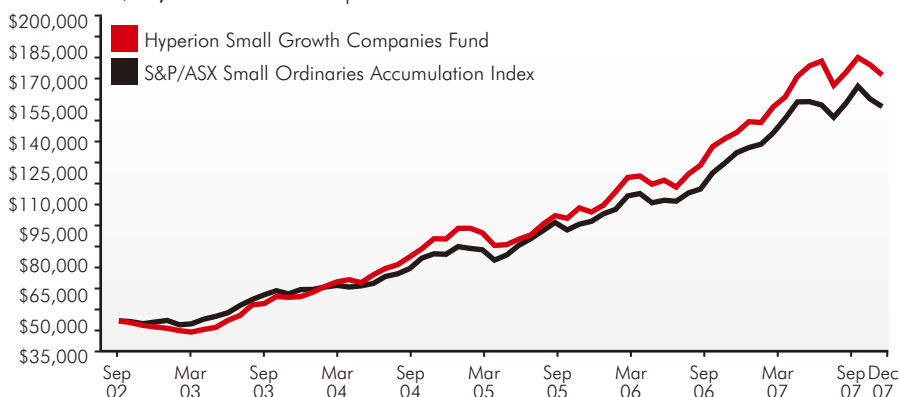
Asset Allocation

As at 31 December 2007



Consumer Discretionary	37.3%
Industrials	14.2%
Information Technology	13.0%
Financials	12.1%
Healthcare	11.0%
Cash and Equivalent	7.1%
Energy	3.5%
Other	1.8%

Growth of \$50,000 Invested at September 2002 After Fees



Hyperion Managed Fund

APIR BNT0002AU ARSN 089 548 201

Investment Activity

- During the December quarter the portfolio's exposure in Australian Equities was increased. The overall exposure to Property was reduced as a result of the sector's weaker performance. International Equities and Australian Fixed Interest remained relatively unchanged.
- The fund underperformed during the quarter, with the main contributor being sector allocation. Despite achieving relatively robust performance in each sector as compared to the sector benchmarks, the portfolio's higher allocation to Australian Equities and Property resulted in the large underperformance during the quarter.

Distributions

Income is distributed quarterly. There was no distribution for the December quarter.

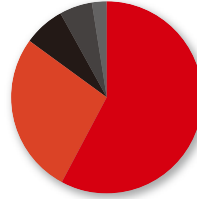
Benchmark

Intech Moderate Survey

All returns for the Average Manager, after fees and tax.

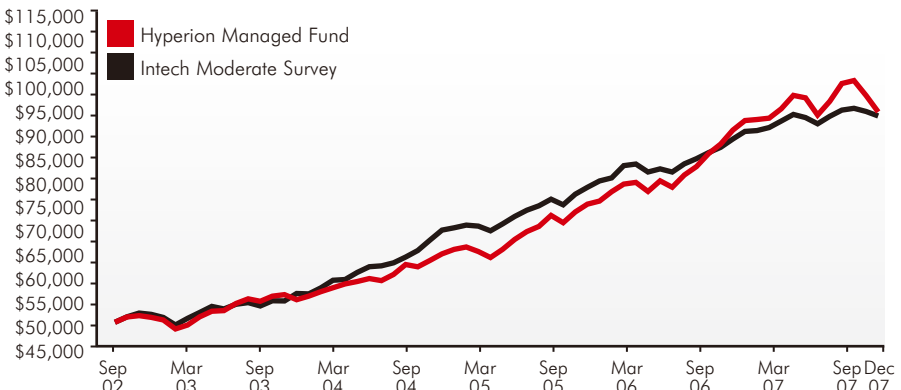
Asset Allocation

As at 31 December 2007



Australian Equities	57.9%
Property	27.1%
Australian Fixed Interest	7.1%
International Equities	5.5%
Cash and Equivalent	2.4%

Growth of \$50,000 Invested at September 2002 After Fees



Hyperion Overseas Equity Fund

APIR BNT0007AU ARSN 089 548 041

Investment Activity

- ⊗ During the quarter under review the portfolio's exposure to Europe and Japan increased slightly. We reduced the United Kingdom and Asia exposure whilst North America remained unchanged.
- ⊗ Global markets ended the quarter lower as investors remained concerned over the impact of the U.S. market's sub-prime mortgage crisis and the possibility of a U.S recession. Within this environment it was positive to see the portfolio outperform its benchmark during the quarter.

Distributions

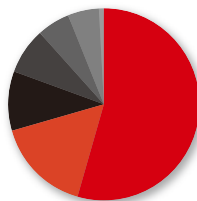
Income is distributed quarterly. There was no distribution for the December quarter.

Benchmark

MSCI World Index ex Australia in Australian dollars.

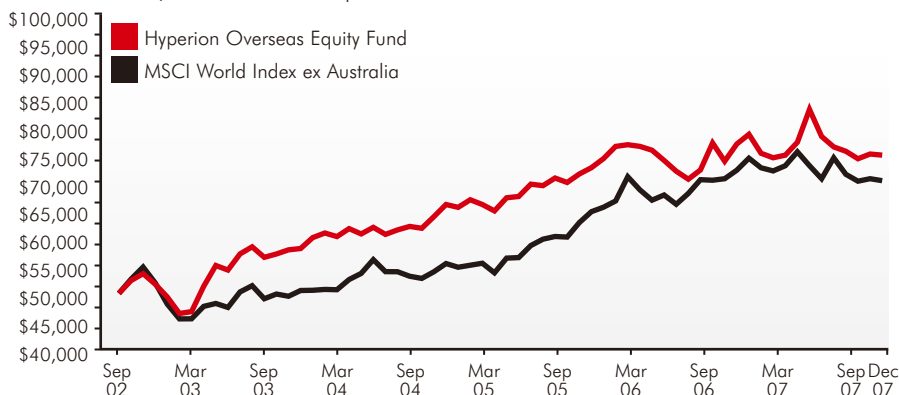
Asset Allocation

As at 31 December 2007



North America	54.6%
Europe	16.1%
Cash and Equivalent	9.9%
Other	7.8%
United Kingdom	5.6%
Japan	5.2%
Asia Ex Japan	0.8%

Growth of \$50,000 Invested at September 2002 After Fees



Sydney
Level 8, Royal Exchange Building
56 Pitt Street,
Sydney NSW 2000
PO Box R604
Royal Exchange NSW 1225
Telephone: 1300 550 293
Facsimile: (02) 8247 6657

Hyperion Asset Management Limited
ABN 80 080 135 897
AFSL 238 380
clientservices@hyperionam.com.au
www.hyperionam.com.au